SASKATCHEWAN SNOWMOBILE FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2016

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Saskatchewan Snowmobile Fund, which comprise the statement of financial position as at March 31, 2016, the statement of operations and accumulated surplus, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Saskatchewan Snowmobile Fund as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Judy Ferguson

Regina, Saskatchewan
June 14, 2016

Judy Ferguson, FCPA, FCA
Provincial Auditor

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Saskatchewan Snowmobile Fund
STATEMENT OF FINANCIAL POSITION

STATEMENT 1

As at March 31

	2016	2015
FINANCIAL ASSETS		
Cash	$ 9,466	$ 5,254
Accounts receivable (Note 7)	65,030	60,080
Investments (Note 4)	1,110,738	1,168,490
GST receivable	1,474	584
	$ 1,186,708	$ 1,234,408
LIABILITIES		
Due to Saskatchewan Snowmobile Association Inc.	$ 71	$ 339
Accounts payable	18,836	12,122
	18,907	12,461
Net Financial Assets	$ 1,167,801	$ 1,221,947
Accumulated Surplus (Statement 2) (Note 8)	$ 1,167,801	$ 1,221,947

(See accompanying notes to the financial statements)

Saskatchewan Snowmobile Fund **STATEMENT 2**
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

Year Ended March 31

	2016		2015
	Budget (Note 5)	Actual	Actual
REVENUES			
Transfer from General Revenue Fund – Ministry of Parks, Culture and Sport (Note 1)	$1,606,500	$1,357,350	$1,420,630
Interest and other revenue	3,000	1,407	2,898
Total Revenues	1,609,500	1,358,757	1,423,528
EXPENSES			
Trail funding to clubs	1,024,503	1,117,160	1,158,099
Liability insurance	42,500	29,322	41,519
Administration	150,495	148,351	147,565
Travel and meetings	13,000	13,048	13,167
Marketing and promotion	26,160	46,388	36,943
Safety expenses	49,475	58,634	22,312
Total Expenses (Note 6)	1,306,133	1,412,903	1,419,605
Operating Surplus (Deficit) for the year	$303,367	(54,146)	3,923
Accumulated Surplus, beginning of year		1,221,947	1,218,024
Accumulated Surplus, end of year – to Statement 1		$1,167,801	$ 1,221,947

(See accompanying notes to the financial statements)

Saskatchewan Snowmobile Fund
STATEMENT OF CASH FLOWS

STATEMENT 3

Year Ended March 31

	2016	2015
Cash flows from (used in) operating activities:		
Receipts from General Revenue Fund – Ministry of Parks, Culture and Sport	$ 1,352,400	$ 1,407,240
Receipts of interest and other revenue	1,407	2,898
Payments to suppliers	(285,255)	(250,434)
Payments for travel and meetings	(13,048)	(13,167)
GST refund received	1,920	2,729
Transfers to clubs for trail funding	(1,110,965)	(1,152,479)
	(53,541)	(3,213)
Cash flows from (used in) investing activities:		
Purchase of investments	(1,103,407)	(1,174,588)
Sale of investments	1,161,160	1,166,000
	57,753	(8,588)
Net increase (decrease) in cash	4,212	(11,801)
Cash, beginning of year	5,254	17,055
Cash, end of year	$ 9,466	$ 5,254

(See accompanying notes to the financial statements)

SASKATCHEWAN SNOWMOBILE FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2016

1. Legislative authority

The Saskatchewan Snowmobile Fund (Fund) was established pursuant to section 20.7 of *The Snowmobile Act*. The Fund's purpose is to provide funding for designation, supervision, construction, maintenance, administration, control and operation of designated snowmobile trails. The Minister responsible for *The Snowmobile Act* appointed the Saskatchewan Snowmobile Association Inc. to administer the Fund as trail manager. The trail manager is responsible for establishing the trail funding allocation criteria for the distribution of the money in the Fund to the snowmobile clubs who maintain the trails.

Pursuant to an agreement with the Ministry of Parks, Culture and Sport, the Ministry is committed to provide yearly grants to the Fund. This agreement is in effect until March 31, 2018. The grant is determined on the number of snowmobile registrations in the province multiplied by the permit fee described in *The Snowmobile Regulations, 1998*.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian public sector accounting standards. A Statement of Changes in Net Financial Assets has not been prepared as the information is readily apparent from the financial statements. These statements do not include a Statement of Remeasurement Gains or Losses as the Fund has no activities that give rise to remeasurement gains or losses. As a result, the accumulated surplus is the same as its accumulated operating surplus. The following accounting principles are considered significant:

a) Tangible capital assets

Individual capital assets costing more than $500 are capitalized.

b) Investments

Investments are recorded at cost.

c) Trail funding to snowmobile clubs

Trail funding to clubs is recorded as an expense when funding requests have been approved by the Board of Directors of the Saskatchewan Snowmobile Association Inc. and the clubs have met the eligibility criteria.

d) Revenue

Trail permit revenue is recognized as other revenue when the permit is issued.

Transfer from the General Revenue Fund – Ministry of Parks, Culture and Sport is recognized based on the annual snowmobile registration fees collected by Saskatchewan Government Insurance and remitted to the General Revenue Fund.

e) Use of estimates

These statements are prepared in conformity with Canadian public sector accounting standards. These standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in current operations when identified.

3. Financial instruments

The Fund's financial instruments include cash, accounts receivable, investments, accounts payable, GST receivable, and due to Saskatchewan Snowmobile Association Inc. Information about the fair value of investments is disclosed in Note 4. The fair value of the other instruments approximates their carrying value due to their immediate or short-term nature. Credit risk from the potential non-payment of accounts receivable is minimal because the Fund's receivable is from the General Revenue Fund – Ministry of Parks, Culture and Sport.

4. Investments

The Fund holds units in the RBC Canadian T-Bill Fund, which invests in high quality, short-term debt securities such as treasury bills. The RBC Canadian T-Bill Fund has no fixed interest rate and its returns are based on the success of the fund manager. The fair value of investments approximates their carrying value due to their short-term nature.

5. Budget

The budget was approved by the Board of Directors of the Saskatchewan Snowmobile Association Inc. on January 24, 2015. Budget revisions were approved May 25, 2015 to include proceeds from the Disaster Assistance program as income to the Fund ($94,500); to adjust the Proposed 2014-2015 Trail Funding to Clubs ($92,932); and to increase the marketing expenses to meet the requirements of the provincial agreement. The provincial agreement dedicates a minimum of 2.5% of registrations for safety promotion and a minimum of 2.5% of registrations for marketing expenditures.

6. Expense by Object

The Saskatchewan Snowmobile Association Inc. (SSAI) provides the Fund with administrative services. The cost for administrative services is based on the fee for services as outlined in the Memorandum of Understanding between the SSAI and the Saskatchewan Snowmobile Fund effective for the year ended March 31, 2016. Effective April 1, 2016, the Fund has a new Memorandum of Understanding with the SSAI for the period April 1, 2016-March 31, 2019.

	2016	2015
	Total	Total
Transfers	$1,117,160	$1,158,099
Administrative Services from SSAI	141,495	138,720
Travel and meetings	13,048	13,167
Postage	5,733	5,797
Printing	862	2,160
Professional Services	-	464
Office Supplies	103	254
Bank charges	158	170
Other goods and services	134,344	100,774
	$1,412,903	$1,419,605

7. Related parties

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as ministries, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and are settled on normal trade terms. Accounts receivable includes $65,030 (2015-$60,080) from the General Revenue Fund – Ministry of Parks, Culture and Sport. In addition, the Fund pays Saskatchewan Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases. Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

8. Designated assets

The Fund intends to pay, from the 2015-16 accumulated surplus, a transfer to clubs for trail funding in the amount of $997,950. This amount is subject to Board approval and will be paid in the 2016-17 year.

The 2015-16 accumulated surplus includes $115,840 held in reserve to be available as needed to support requests from the Disaster Recovery Grant Program. The Disaster Recovery Grant Program was established in the agreement with the Ministry of Parks, Culture and Sport signed November 21, 2014.

9. Contractual Obligations

The Fund is obligated to pay the Saskatchewan Snowmobile Association Inc. (SSAI) for services as outlined in the Memorandum of Understanding between the SSAI and the Fund. The following fees will be paid to the SSAI: $170,320 during the 2016-17 year; $173,725 during the 2017-2018 year; and $177,190 during the 2018-2019 year.

10. Comparative Figures

Certain prior year balances have been reclassified to conform with current year presentation.